

## Pay for performance in Medicare: physicians

**ISSUE:** Is it feasible to compare the quality of care of physician care for purposes of paying for performance?

**KEY POINTS:** In 2003, MedPAC began a concerted effort to find ways to align the incentives of Medicare's payment systems with improving the quality of care. In 2004, we examined quality measurement for Medicare Advantage plans and for facilities and physicians that treat dialysis patients and found that it was feasible in those sectors to attach a portion of payment to quality. We will continue our effort this year by determining whether other sectors are ready for similar changes. This paper explores physician care.

The Commission will consider four questions to determine whether this sector is ready for pay for performance:

- Are evidence based, well-accepted measures available?
- Can data be collected in a standardized way without undue burden on providers or CMS?
- Do the measures have adequate risk adjustment?
- Can providers improve the measured performance?

Physicians are at the center of most health care decisions. As such, they should be a focus of any pay for performance initiative in Medicare. To prepare this paper, we interviewed numerous physician groups, measurement experts and organizations, purchasing initiatives, CMS, and researchers to identify and evaluate various quality measurement sets and their uses for physicians. This paper presents staff research and the input we received on these measure sets.

**ACTION:** This is the initial presentation on this topic to orient and inform the Commission. Staff seeks Commissioners' input on the subject and guidance for our analysis; in particular, whether there are quality measures sufficient to differentiate physicians based on quality.

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